



**Date:** February 22, 2011

**To:** Thomas J. Bonfield, City Manager

**Through:** Theodore L. Voorhees, Deputy City Manager

**From:** Joel V. Reitzer, Jr., Director, General Services Department  
Shelia A. Huggins, Real Estate Manager, General Services Department  
Donna E. Lunsford, Senior Real Estate Officer, General Services Department

**Subject:** Proposed Sale of Surplus Real Estate Located at 104 Floyd Drive, Parcel 130286

### Executive Summary

Consistent with the marketing strategy presented to City Council in January 2007 for the disposition of surplus real estate, the Real Estate Division advertised the following property to the general public for sale, 104 Floyd Drive. This property was advertised for sale under the authority of G. S. 143-129 and G.S. 160A-268, Sealed Bids. The following five bids were submitted before the February 18, 2011 deadline:

#### 104 Floyd Drive – Asking Sales Price \$27,000.00

Bidder	Bid Amount	Earnest Money	Qualified Bid
Thomas J. Davis	\$10,000.00	\$0.00	No
Oscar Cisneros	\$20,000.00	\$1,000.00	Yes
Timothy McCowan	\$20,100.00	\$1,005.00	Yes
Enrico Jenkins	\$23,000.00	\$1,150.00	Yes
Johnny D. Adcock	\$30,000.00	\$1,500.00	Yes

### Recommendation

The General Services Department recommends that the City Council: (1) accept the offer of \$30,000.00 from Johnny D. Adcock to purchase 104 Floyd Drive; and (2) authorize the City Manager to sell and the City Manager or the Mayor to convey the property by a non-warranty deed subject to reservations and easements to be retained by the City of Durham.

### Background

The Real Estate Division advertised the sale of 104 Floyd Drive (\$27,000.00 Sales Price) in the Triangle Multiple Listing Service (TMLS), on the City's website, in an all users e-mail sent to City employees, and at the property with a for sale sign. Real Estate also contacted people who had previously expressed interest in the property.

The Real Estate Division has advertised the sale of 104 Floyd Drive numerous times over the past seven years. Recently the property was advertised for \$34,000.00 from 4/27/10 to 7/26/10, 90 days, without any offers; for \$29,900.00 from 9/3/10 to 11/2/10 for 60 days without

any offers; and for \$27,000.00 from 12/20/2011 to 2/18/11. During this last round of advertising, Real Estate received five offers.

### 104 Floyd Drive

The property at 104 Floyd Drive was purchased through foreclosure in the amount of \$53,130.00, and title was obtained on September 9, 2003. The house needs considerable rehabilitation which is reflected in the bids and in the City's asking price of \$27,000.00. According to a certified inspection report dated November 5, 2004, the house needs the following repairs or replacements: repair of HVAC, ceilings, replacement of roof shingles, repair of wood rot in the linen closet and bathroom, replacement of bathroom fixtures, realignment of front and back doors due to moisture problems, repair of the shifted middle wall that has caused cracks in the interior walls and ceiling, replacement of two windows, connection of more than six electrical breakers to the main breaker, repair of a broken 20 amp breaker panel, proper protection of the copper water pipes in the concrete floor to prevent leaks, and repair of a crack in the foundation. The house was built in 1963 and may contain lead based paint.

On October 21, 2004, City Council approved, at its regular Work Session, the sale of 104 Floyd to Elvis Mitchell and Betty Clark for \$65,300. The sale was contingent upon the requirement that the house qualify for the Durham Housing Authority's Section 8 Homeownership Program. Because of repairs detailed in the certified housing inspection report, the house did not qualify for this program. Consequently, Mitchell and Clark were released from the contract.

At the September 4, 2008 Work Session, City Council approved the sale of 104 Floyd Drive to New Beginnings Home Buyers for \$42,000.00. Due to revisions in bank lending practices, New Beginnings Home Buyers was unable to secure a loan for the property even though they submitted a prequalification letter from their lender. As a result, New Beginnings was released from the contract.

Real Estate received five offers for the sale of 104 Floyd during the last round of advertising. The offer from Thomas J. Davis is not a qualified offer because no earnest money and no bid form were received. Valid offers received include those from Timothy McCowan and Oscar Cisneros. Neither party is represented by a real estate agent, but each offer included verification of funds. Enrico Jenkins' offer is a valid offer, includes funds verification, and a Buyers Agency Agreement stating that he is represented by a real estate agent. The highest bid is from Johnny D. Adcock. Mr. Adcock's offer is valid, includes verification of funding, and is not represented by a licensed broker.

### **Issues/Analysis**

- Sale Conditions and Disclosures: There are no contingencies. This property is sold "AS IS," where is, with all faults, no implied warranties, no guarantees, and no seller representation.
- The sale of this parcel will meet the City Council's objective to dispose of surplus real estate.
- The City offers a three percent commission to brokers representing buyers purchasing surplus properties.
- Reservations by City: No City department objected to the sale of this property. The City will retain a 30' Sanitary Sewer Easement that runs along the south and west property lines.

**Alternatives**

The City Council has the discretion to reject the bid. This alternative is not recommended because the Administration feels that the bid is representative of the depressed market conditions and the condition of the property.

**Financial Impact**

The previous owners had a second mortgage through the City in the amount of \$9,730.00. The City purchased the property for \$53,130, spent an additional \$13,770.00 for rehabilitation costs and \$771.08 in advertising costs.

If Mr. Adcock's offer of \$30,000.00 is accepted, the City will receive approximate gross revenue at closing in the amount of \$28,640.36 which deducts the \$1,359.64 (payoff as of March 31, 2011) for outstanding 2003 property taxes. This offer is more than the asking price of \$27,000.00.

The sale of this property will increase the annual tax base by a minimum of \$950.96 based on the current tax rate of \$1.2978. It will release the City from incurring future maintenance costs and homeowner's dues.

**SDBE Summary**

This item does not require review by the Equal Opportunity/Equity Assurance Department.

Attachments: 104 Floyd Drive Street Map  
Picture of 104 Floyd Drive